

John,

I am writing to request funding for Fellowships for the Fall 2015 entering class. We would like to request funding for two full Koch Fellowships and renewals with some additional funding for one full Koch Fellowship and one top-up Koch Fellowship. The renewals with supplements are for (1) funds allocated to us last year, which were freed up when one of our fellows decided to drop out of the program, and (2) a top-up Koch Fellowship awarded two years ago awarded to a student who dropped out and then to another student who did not pass comprehensive exams.

Before discussing these requests, you may find it useful to take a look at the four tables I have included as an appendix. These tables show the status of all of our fellows in 2013-14 and 2014-15, as well as the expected status in 2015-16. I include this to illustrate that with the addition of Carl Kitchens to our SPEFE faculty, we should be able to accommodate all of the new fellowships we are requesting. You will see that we were working with 14 SPEFE-related Fellows in 2013-14 along with 4 SPEFE-related students who previously had Fellowships but did not graduate in four years. Thus, we had 18 students in the program. This year (2014-15) we have 15 Fellows for the fall semester but 14 for the spring since one is graduating in December. We only have 2 who previously had Fellowships but did not graduate in four years. This drop reflects the fact that 4 fellows graduated (5 including the one graduating in December) and two left the program, while we added 5 new fellows (4 Koch Fellows and a BB&T dissertation Fellow to replace the one that graduated). Therefore, we have 17 students this fall and 16 in the spring. In 2015-16 we anticipate at least two more students to have graduated (one or more of the 4th years might do so as well; note that Jeff Gough graduated in about 3.25 years), so we should have a maximum of 10 continuing Fellows (4 of these face comprehensive exams, of course), 4 former Fellows who have not graduated yet, and 3 new Fellows (one BB&T, one Johnson and one BB&T dissertation fellowship), giving us a maximum of 17 students we will be mentoring. We are asking for funding of 4 new Koch Fellowships in order to reach a maximum of 21. We believe we can handle this number because we have added Carl to our SPEFE faculty. Also, while I am retiring in January 2016, we expect the new Endowed Chair in markets and institutions to be hired as a replacement shortly after that. Furthermore, if we find this to be more students than we can effectively mentor (e.g., if the Endowed Chair is not filled as quickly as we hope), we expect at least 4 more students to graduate at the end of the 2015-16 academic year, reducing us back to 17 for 2016-17. We should have another BB&T fellowship to offer, as well so the Fellowship funding request for 2016-17 Koch Fellows might be for just one or two new fellowships, depending on what we feel we can deal with effectively. It could be for 3 if things go as planned, however, plus supplemented renewals if more graduate than we are predicting or if we lose any students due to comprehensive exams, insufficient grades, personal reasons, etc.

As suggested above, we have funding to offer one fully funded BB&T four-year Fellowship to a 2015 entrant with the same stipend (\$25,000/year) as Koch Fellowships (we will be able to offer another one in 2016 too but we do not have sufficient funds to cover two first-year out-of-state tuition waivers in the same year). We also are able to offer a Manley Johnson Fellowship (top up of an assistantship), although it is a relatively

less attractive Fellowship (\$20,000 stipend per year). This means that if this grant proposal is funded we will have 4 Koch Fellowships, one BB&T Fellowship, and a smaller Johnson Fellowship to offer 2015 entrants (along with a one-year BB&T dissertation fellowship to a current student who is not a Fellow).

The annual and total amounts requested are:

Table 1: Total New Requests and Total Renewals Requested

	2015-16	2016-17	2017-18	2018-19	Total
Total New Request	\$156,675	\$74,982	\$84,661	\$86,466	\$402,784
Renewals Requested	\$9,000	\$45,372	\$38,077	\$40,039	\$132,488

Determination of these request amounts are explained below.

Waiver Calculations: A change in university policy occurred last year in that funded graduate students must take 12 credits during each semester, an increase from the previous requirement of nine credits per semester. Out-of-state students still must pay out of state tuition and fees for the first academic year while they establish residency [they must work in state to establish residency so the fellows are given TA/RA assignments to work with SPEFE or EEE faculty; but their assignments are half the hours that a regular TA/RA gets]. The Graduate School has also made some changes in the calculation of tuition and fees. Prior to 2014-15 the graduate students were reimbursed for most of the cost of their health insurance by the university, for instance, but that is no longer the case (in fact, it was not the case for last year's entering class but I was not informed of that before I submitted the application). In addition, I have had to estimate waivers after the first year for previous grant proposals, but the office of research is now providing those estimates (See Table 2).

Table 2: Information for and Calculations of funds Requested for One Fellowship

Tuition Waiver per credit	2015-16	2016-17	2017-18	2018-19
In-state tuition per credit hour*	\$433.77	\$466.30 (applies for 2 nd year)	\$501.28 (applies for 3 rd year)	\$538.88 (applies for 4 th year)
Out-of-State tuition per credit hour*	\$1,080.21 (applies for 1st year)	\$1,161.23	\$1,248.32	\$1,341.94
Funds for One Fellowship	2015-16	2016-17	2017-18	2018-19
Waivers (24 credits/year)	\$25,925.04 (1 st year out of state)	\$11,191.20 (in-state tuition)	\$12,030.72 (in-state tuition)	\$12,933.12 (in-state tuition)
Health Insurance*	\$1,300.00	\$1,300.00	\$1,300.00	\$1,300.00
Stipend	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00

Total	\$52,225.04	\$37,491.20	\$38,330.72	\$39,233.12
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*Obtained from the *Fact Sheet* (updated 9/24/2014) provided by the Florida State University Office of Research.

Total New Funding Requested: We are requesting two full fellowships along with funding for the first year of a third full fellowship (accompanied by a renewal and shifting of funding already approved for the remaining three years as explained below). In addition, we are asking for two years' worth of top-up funding (accompanied by a renewal of an earlier top up grant). Note that the department raises its stipend so top ups are \$8000 rather than \$9000.

Table 4: Annual and Total Requests for New Funding (Values rounded to nearest \$)

	2015-16	2016-17	2017-18	2018-19	Total
2 full Fellowships	\$104,450	\$74,982	\$76,661	\$78,466	\$334,559
Supplement for Previous Grant	\$52,225				\$52,225
Supplement for previous Top up Grant			\$8,000	\$8,000	\$16,000
Total Request	\$156,675	\$74,982	\$84,661	\$86,466	\$402,784

Renewal Request: In addition to the request for new funding, we are requesting that previously committed funding be renewed. These funds were awarded as follows and we request that the timing of the payments be modified as indicated below.

Table 4: Request for Renewals and Payment Timing Changes

	Paid 2012-13	Paid 2014-15	Scheduled 2015-16	Schedule d 2016-17	Schedule d 2017-18	Total Paid	Total Awarded	Total not paid
2012 Carlton/ Montagud top up	\$9,000	\$9,000	\$9,000	\$9,000		\$18,000	\$36,000	\$18,000
2013 Gross fellowship		\$51,785	\$36,372	\$38,077	\$40,039	\$51,785	\$166,273	\$114,488
Proposed Rescheduling			2015-16	2016-17	2017-18	2018-19	Total Reschedule d	Total Renewed
2013 Fellowship			\$0 (paid by requested supplement)	\$36,372	\$38,077	\$40,039	\$114,488	
New Schedule for both Renewals			\$9,000	\$45,372	\$38,077	\$40,039	\$114,488	\$132,488

Discussion: Naturally, we would be very willing to take less than requested if the board is not likely to fund everything. If you feel that this request is too large, I can

lower it before submitting a formal proposal. In addition, as you know, we strongly prefer fully funded fellowships rather than top-ups because the fully funded fellowships allow us to expand our entering class. This is why we are only asking for one top up using a combination of renewed and new funding, but if you feel that changing one of the requests for full funding to a top-up would be best, we can do that.

Bruce

Appendix: Status of Fellows

Koch Fellows	2013-14	2014-15	Expected 2015-16
Rosie Fike (2009)	No longer on fellowship; department, HIS & Mercatus support	No longer on fellowship; department, IHS & Mercatus support; Should finish Spring 2015*	Graduated (currently on the market)
Andrew Smyth (2009)	No longer on fellowship; department support; Graduated Summer 2014	Graduated – Post Doc	Graduated – Post Doc
Daniel Bennett (2010)	No longer on fellowship; department support; Graduated Spring 2014	Graduated – Tenure Track Position	Graduated – Tenure Track Position
Brian Meehan (2010)	4 th year of fellowship	No longer on fellowship; DeVoe Moore, IHS and Mercatus support; Should finish Spring 2015**	Graduated (currently on the market)
Alice Crisp (2011)	3 rd year of fellowship	4 th year of fellowship	No longer on fellowship; Should finish Spring 2016***
Fredrick Bedsworth (2012)	2 nd year of fellowship	3 rd year of fellowship	4 th year of fellowship
Javier Portillo (2012)	2 nd year of fellowship	3 rd year of fellowship	4 th year of fellowship
Paul Bussey (2012)	2 nd year of fellowship	3 rd year of fellowship	4 th year of fellowship
Kyle Smith (2012)	No longer in program		
Patrick Carlton (2012)	No longer in program		
Steven Landgraf (2013)	1 st year of fellowship	2 nd year of fellowship	3 rd year of fellowship
Kevin Chiu (2013)	1 st year of fellowship	2 nd year of fellowship	3 rd year of fellowship
Vince Montagud (2013)	1 st year of fellowship	No longer in program	
Steven Pawlowski (2013)	1 st year of fellowship	2 nd year of fellowship	3 rd year of fellowship
Steven Gross (2013)	1 st year of fellowship	No longer in program	
Arthur Nelson (2014)		1 st year of fellowship	2 nd year of fellowship
Robert Gmeiner (2014)		1 st year of fellowship	2 nd year of fellowship

Dylan Royal (2014)		1 st year of fellowship	2 nd year of fellowship
Hugo Montesino (2014)		1 st year of fellowship	2 nd year of fellowship
Proposed New Fellow (2015)			1 st year of fellowship
Proposed New Fellow (2015)			1 st year of fellowship
Proposed New Fellow (2015)			1 st year of fellowship
Proposed New Fellow (2015)			1 st year of fellowship

*Rosie probably could have graduated this year had she not chosen to spend a semester at Mercatus; currently trying to get papers out (at least one is submitted) and working on dissertation.

**Brian could have finished this year if he had tried but he chose to spend an extra year here focusing on getting some papers out before going on the job market (currently has an acceptance at *Public Choice* and another paper submitted); currently trying to get another paper out and working on dissertation.

***Alice probably could finish this year if she tried but she chose to take an extra year in order to try to get some papers out before going on the job market. She is also getting married and will be moving with her new husband to wherever his residency ends up being (he is currently finishing his MD at Emory). If she wants financial support I am confident that she can get it from the department and/or IHS.

BB&T Fellows	2013-14	2014-15	2015-16
Christopher Boudreaux (2009)	No longer on fellowship; department support; Graduated Spring 2014	Graduated – Tenure Track Position	Graduated - Tenure Track Position
Doug Norton (2011)	3 rd year of fellowship	4 th year of fellowship	No longer on fellowship; department support; Should finish Spring 2016*
New Fellow (2015)			1 st year of fellowship

*Doug chose to take an extra year in order to try to get some papers out before going on the job market (he just published another paper in *Economic Letters*). He is not at FSU this year and will not be next year because his wife got her MD at FSU and is now doing her residency, but Mark is still working closely with him and assures me that he is making good progress.

Johnson Fellows	2013-14	2014-15	2015-16
Michael Clark (2011)	3 rd year of fellowship	4 th year of fellowship	No longer on fellowship; department support; Should finish Spring 2016*
Jeffrey Gough (2011)	3 rd year of fellowship	4 th year of fellowship but Graduating Fall 2014 – Financial Market Job**	Graduated – Financial Market
New Fellow (2015)			1 st year of fellowship

*I am not working with Michael but I understand that he is making good progress on his dissertation and related papers.

**Jeff decided that he wanted to work in the financial sector rather than in academics so he completed his excellent dissertation very quickly; he could easily publish some papers from the work if he wants to, and I have encouraged him to do so, but I am not sure that he will.

BB&T	2013-14	2014-15	2015-16
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Dissertation Fellows			
Brent Davis (2013-14)	Fellowship; graduated spring 2014	Graduated – Post Doc	Graduated – Post Doc
Robert White (2014-15)	Department support	Fellowship	department support; Should finish Spring 2016*
New Fellow (2015-16)			One-year Fellowship

*I am not working with Rob but Mark has informed me he has made good progress and chose to spend an extra year here focusing on getting some papers out before going on the job market.